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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

WOOL-4 April 9, 1937

THE WOOL SITUATION

Summary

Domestic wool prices probably will show little change during the early months of the 1937 marketing season which begins this month, the Bureau of Agricultural Economics reports. Price changes in the latter part of 1937 will depend to a considerable extent upon the demand from domestic manufacturers and on price changes in foreign markets when the new Southern Hemisphere selling season opens in the fall.

Consumption of wool by domestic mills continued large in February. On the basis of sales and unfilled orders reported by mills, activity is expected to continue at a relatively high level for the next few months. It is possible, however, that the high activity in January and February was due in part to early placing of orders, and may have been at the expense of activity later in the year.

Because of large imports in recent months, supplies of wool in the United States on March 1 were estimated to be slightly larger than a year earlier but were below the average of recent years. Stocks of old clip domestic wool were small and domestic production in 1937 is not expected to show much change from that of last year.

Apparent supplies of wool in the five principal Southern Hemisphere wool producing countries on March 1 were estimated to be about 6 percent smaller than on the same date of 1936 and 11 percent below the average on

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that date of the 5 years, 1931-35 . Stocks also are believed to be relatively low in importing countries as a result of increased consumption in the last 2 years.

The decline reported in prices of spot wools at Boston in February continued in the early part of March but prices strengthened in the latter part of the month. The recent firmness in the domestic market probably was the result of higher prices in foreign markets. Interest in domestic wools has now shifted to the 1937 clip. Prices for new wools were reported unchanged to slightly higher in March.

DOMESTIC SITUATION

BACKGROUND: Consumption of wool by United States mills has been unusually high since the beginning of 1935, wool supplies have been reduced, and prices have advanced to the highest levels since 1929. The increased consumption has resulted from general improvement in economic conditions and has been aided by Government orders for wool goods. Demand for wool in foreign importing countries was also strong in 1935 and 1936 and wool supplies are relatively low in all markets. See chart on United States production, consumption and farm price at end of report.

Wool Sales and Prices

The decline reported in prices of spot wools at Boston in February continued in the early part of March but prices became firmer in the latter part of the month. The check to the downward trend in prices at Boston was the result of higher prices in foreign markets. Spot sales at Boston in recent weeks have been chiefly of foreign wools.

Interest in domestic wools has shifted to the 1937 clip which is now being shorn. Early shorn wools from Ohio, Michigan, and New York probably will be available at Boston in April. The Boston office of the Bureau reports that country-packed lots containing 3/8 and 1/4 blood fleeces were sold in March at about 43 cents a pound in the grease delivered to Eastern buyers. Toward the end of March, however, buying limits for such wool were reported to have been raised from 35 cents to about 37-38 cents to growers, and dealers' asking prices were raised to 44-45 cents delivered in the East. Contracts for fine territory and 12-months Texas wools were sold in Boston during March at $1.00-$1.02 scoured basis.

A considerable amount of wool from the 1937 clip already has been disposed of by growers through pre-shearing contracts and by early direct sales. Prices are likely to remain near present levels during the months of heavy marketing by growers. Later in the season prices will be influenced by the trend in domestic mill consumption in the second half of 1937 and by prices established at the new selling season in foreign markets.

Wool Stocks

The New York Wool Top Exchange Service estimated that supplies of apparel wool on a grease basis in the United States on March 1, including all old and new clip wools in all hands as well as the estimated unshorn portion of the 1937 clip, was about 5 percent larger than on March 1, 1936, but was about 7 percent smaller than the March 1 average for the preceding 10 years. The increase in stocks of wool on March 1 as compared with a year earlier resulted entirely from the unusually large imports of wool in the first 2 months of this year. Stocks of old clip domestic wool are small and United States production for 1937 is not expected to show much change from that of 1936.

Mill Consumption

Mill activity in the United States wool manufacturing industry continued at a high level during February. The rate of consumption of apparel wool in February was the highest since November 1935, with the exception of December 1936, and was the highest reported for the month of February since 1923.

The weekly average consumption of apparel wool was 6,430,000 pounds, scoured basis, in February as compared with 5,763,000 pounds in January and with 6,122,000 pounds in February 1936. The consumption in the first 2 months of 1937 was equivalent to 92 million pounds of shorn wool, greasy shorn basis, and 15 million pounds of pulled wool, greasy pulled basis. See table 2 on page 9 .

Mill sales of cloth for menswear continued heavy in the first quarter of 1937 and additional Government purchases were expected to increase the already large number of unfilled orders on hand. Because of the relatively heavy orders now booked, mill consumption is likely to continue at a fairly high level during the first half of 1937. However, the relatively large volume of unfilled orders for civilian wear reported during the first quarter of 1937 may have been due in part to the early placing of fall orders in anticipation of higher prices and higher labor costs, and therefore may have been at the expense of activity later in the year.

FOREIGN SITUATION

Wool Sales and Prices

London auctions - The second series of 1937 wool sales at London was held from March 2 to 12. Comparisons of opening prices with the January series reflected the declines which had occurred in Southern Hemisphere markets during February. The trend in prices during the March series was upward and at the close of the sales prices of most wools were above the January closing prices.

English buyers took 40,500 bales at this series and continental European countries took 32,000 bales. Russia was an important buyer at this series but no sales to the United States were reported. Withdrawals were very small and only 6,500 bales were carried over to the third series which will open April 26.

Southern Hemisphere sales - The selling season for combing wools has practically ended in all Southern Hemisphere markets except Australia and New Zealand. Supplies of coarse crossbred wool in Argentina are reported to be negligible and no additional 12 months' low crossbred wools will be available in that market until next November. Japan and the United States purchased almost half of the South American wools of the 1936-37 clip.

Prices declined at the Australian wool sales during the first 3 weeks of February. In late February and in March some advance occurred, but in mid-March prices were still below the January high point. The average price received for greasy wool at all Australian selling centers was 29.7 cents a pound (current rate of exchange) in February compared with 31.6 cents in January and with 26.1 cents in February 1936.

Price changes at the New Zealand sales in February and March were similar to those at the Australian sales. Japan and the United States were the principal buyers. Final sales of the season will be held at all New Zealand centers during April.

Apparent Supplies in Southern Hemisphere Countries on March 1

On March 1, apparent supplies 1/ of wool in the five principal Southern Hemisphere wool producing countries were estimated to be about 6 percent smaller than on the same date of 1936 and 11 percent below the average on that date of the 5 years, 1931-35.

1/ Estimated production for the season plus carry-over, minus exports to February 28. No deduction made for relatively small quantities consumed locally or stocks sold but not yet exported.

Indications are that supplies on March 1 were smaller in all countries, except the Union of South Africa. In that country, however, it is believed that there were fairly large stocks of sold wool on hand which had not yet been shipped by March 1. This was the case at the beginning of February when the quantity of sold wool on hand was more than twice as large as at the same time a year earlier and more than three times as large as the stocks of unsold wool.

Wool Exports from Southern Hemisphere Countries 2/

For the current marketing season up to the end of February, the excess of exports over the corresponding period of last season had dropped to 2 percent whereas at the beginning of February it was 6 percent. Although exports now exceed the average for the corresponding period of the five seasons, 1930-31 to 1934-35, by only 2 percent, they are 20 percent larger than in the same period of 1934-35 when available supplies were larger, but when prices had fallen from the level of the preceding season.

The outstanding feature of the current export season so far is the large increase in shipments from South America. Exports for the 5 months October 1, 1936, to February 28, 1937 from Argentina and Uruguay increased 37 percent as compared with the same period of 1935-36. The largest purchaser of South American wool during this period was North America, principally the United States. Exports to this country from Argentina and Uruguay reached approximately 75,000,000 pounds and were more than twice as large as in the same period of 1935-36. South American countries also materially increased shipments to Japan and the United Kingdom whereas there was a distinct falling-off in exports to continental countries.

On the other hand, there was a slight decrease in the combined total shipments from the British Empire wool producing countries of the Southern Hemisphere up to the beginning of February. This may have been partly caused by the absence of Japan as a purchaser in the Australian market during the first half of the season but it is probably due mostly to smaller available supplies for the season.

Wool Supplies in Importing Countries

Large purchases of wool by the United Kingdom and continental European countries during the 1936-37 selling season in the Southern Hemisphere have been reflected in sharp seasonal increases in imports into those countries in recent months.

2/ Export season in Australia, New Zealand, and the Union of South Africa extends from July 1 to June 30, and in Argentina and Uruguay from October 1 to September 30.

Imports of wool into the United Kingdom and Belgium were larger in 1936 than in 1935, and on the basis of export statistics for the current season in the Southern Hemisphere, the increase apparently continued during the early months of 1937. Imports into France and Japan declined in 1936 but are expected to increase in the early months of 1937. Italy is also expected to show an increase in imports from the unusually low level of 1936.

In view of the present rate of activity in the wool manufacturing industries of the principal importing countries and the early closing of the current season in the Southern Hemisphere, stocks of raw wool in importing countries probably are relatively low and are likely to remain low until the new Southern Hemisphere clip becomes available in the fall.

Stocks of raw wool in reporting warehouses in Japan at the end of December 1936 were 24 million pounds compared with 30 million pounds a month earlier and 44 million pounds a year earlier, according to statistics published in "Wool Intelligence Notes", England, February 1937.

Manufacturing Activity in Importing Countries

The monthly index of wool top production for the United Kingdom, France, Belgium, Poland, and Hungary was 96 for January (1935= 100) compared with 100 (revised) in December and 111 in January 1936, according to statistics published in "Wool Intelligence Notes", England. The decline in January was attributed in part, to uncertainty regarding the trend in raw wool prices.

The percentage of insured workers in the woolen and worsted industry of the United Kingdom reported by the Ministry of Labour as unemployed on February 22 was 7.4 compared with 7.1 percent on January 25 and 9.7 percent in February 1936. Exports of wool tops, yarns, and woolen and worsted tissues from the United Kingdom in February were smaller than in January and exports of tops and yarns were also smaller than in February 1936.

United Kingdom: Index numbers of production in the woolen and worsted and hosiery trades, 1935 and 1936

1930=100

Period	Woolen and worsted		Hosiery(knitted goods)	
	1935	1936	1935	1936
1st. quarter	105.3	113.5	107.8	114.2
2nd "	106.0	110.7	111.0	115.3
3rd "	109.0	110.5	115.4	120.2
4th "	117.1	115.3	118.6	122.5
Year	109.4	112.5	113.4	118.1

United Kingdom Board of Trade Index, published in "Wool Intelligence Notes", February 1937.

Manufacturing activity was fairly well maintained in the wool industries of continental Europe during February according to a report from Agricultural Attache' Steere at Berlin. New orders were somewhat curtailed in Belgium and France, however, as a result of the decline in wool prices in the first half of February. The Italian industry continued to profit from increased export business which has made possible the importation of larger quantities of raw wools. Wool supplies in Germany continue low. The efficient substitution of reclaimed wool and artificial fibers however, has made it possible to maintain mill activity at fairly satisfactory, though somewhat reduced, levels.

Table 1.- Price of wool per pound in specified markets, selected periods, 1935-37

Market and description	Average 1935	Average 1936	Feb. 1936	Jan. 1937	Feb. 1937	Mar. 1937
	Cents	Cents	Cents	Cents	Cents	Cents
Boston:						
Territory combing scoured basis-						
64s, 70s, 80s (fine)	74.8	92.0	93.8	114.0	114.0	113.0
56s, (3/8 blood)	63.6	80.4	81.5	98.8	99.8	95.7
46s, (Low 1/4 blood)	51.4	63.9	65.9	82.1	83.2	81.0
U. S. farm price(15th of month)-						
Grease basis	19.4	9/26.9	25.6	31.3	31.6	31.7
London: 1/						
Average quality clean cost 2/						
70s	47.5	58.4	58.1	64.4	63.7	66.2
56s	29.0	35.1	34.2	49.5	48.4	47.8
46s	18.6	23.8	22.7	39.3	38.7	39.2
Bradford: 3/						
Scoured basis -						
64s warp	47.7	59.8	58.3	69.5	60.1	67.2
50s warp	23.2	29.7	28.1	44.9	38.7	42.7
Australia:						
Average price at all selling centers, greasy wool 4/			26.1	31.6	29.7	
Sydney (Delivered Bradford) 5/-						
Clean basis, 70s warp			63.0	73.9	70.6	
Union of South Africa:						
Average export price, greasy wool			21.1	28.3	27.2	
Price at selling centers 6/						
Clean cost exwarehouse, 70s warp			58.2	69.7	67.1	
Argentina:						
Buenos Aires market -						
Buenos Aires, South and South-east, greasy coarse crossbred 7/			13.7	23.0		
Uruguay:						
Montevideo market -						
Fine crossbred, greasy, 50s-56s to 60s 8/			23.8	40.8	none	

Foreign prices have been converted at prevailing rates of exchange.
1/ Average of quotations for each series of London sales as reported by the London office of the Bureau of Agricultural Economics. For months when no sales were held figures are interpolations of nearest actual prices. 2/ Top and noil in oil.
3/ Quotations reported about the 25th of the month by the London office of the Bureau of Agricultural Economics. 4/ National Council of Wool Selling Brokers.
5/ Wool Record and Textile World, Bradford. 6/South African Ministry for Agriculture. 7/ Monthly average of weekly range quoted in Revista Quincenal de Precios published by Salaberry, Bercetche & Cia., B.A. 8/ Average of maximum and minimum prices for last of month. Furnished by American Consul A. W. Ferrin.
9/ Preliminary.

Table 2.- United States: Consumption and imports of wool by classes, specified periods, 1936 and 1937

Item	Jan. - Feb.		Feb.	Jan.	Feb.
	1936	1937	1936	1937	1937
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Consumption, scoured basis 1/					
Weekly average					
Apparel	5,910	6,060	6,167	5,763	6,430
Carpet	1,686	2,846	1,839	2,560	3,203
Aggregate					
Apparel	53,193	54,536	24,668	28,814	25,722
Carpet	15,176	25,616	7,356	12,802	12,814
Imports for consumption, Actual weight 2/-					
Apparel	21,934	50,801	10,933	25,120	25,681
Finer than 40s	18,164	43,817	1,516	21,194	22,623
Not finer than 40s	3,770	6,984	9,417	3,926	3,058
Carpet, including camels hair	19,761	41,269	9,917	21,177	20,092

Consumption figures from the Bureau of the Census Raw Wool Consumption reports.
Imports from official records of the Bureau of Foreign and Domestic Commerce.

1/ Consumption figured for January based on 5 weeks, February on 4 weeks, and January-February on 9 weeks. No adjustment made for holidays.

2/ Weight of greasy, scoured, and skin wool added together.

Table 3.- Movement of wool in primary markets, beginning of season to February 28, average 1930-31 to 1934-35, annual 1935-36 and 1936-37

Country	Period	Average 1930-31 to 1934-35	1935-36	1936-37
		Mil.lb.	Mil.lb.	Mil.lb.
		Receipts at selling centers		
Australia 1/	July 1 - Feb.28	748.1	740.7	748.3
New Zealand 2/3/	" "	138.3	175.4	157.8
Union of South Africa	" "	214.4	184.8	197.1
Argentina 4/	Oct. 1 - "	64.2	53.9	47.9
Uruguay	" "	93.3	100.0	108.7
Total 5 countries		1,285.3	1,254.8	1,259.8
		Disposals at selling centers		
Australia:				
New clip wool 1/	July 1 - Feb.28	585.4	5/642.5	623.3
Old clip wool 6/	" "	7/ 32.2	25.6	21.9
New Zealand	" "	122.8	167.6	156.3
Union of So. Africa 8/	" "	7/ 111.0	119.0	142.0
Argentina 4/	Oct. 1 - "	56.8	48.8	---
Uruguay	" "	74.6	76.0	---
Total 3 countries		851.4	954.7	943.5
		Stocks at selling centers		
Australia:				
New clip wool	Feb. 28	163.6	98.2	125.0
Old clip wool	"	2.8	0.9	0.6
New Zealand	"	---	---	---
Union of So.Africa,unsold	"	32.1	5.6	7.8
Argentina 4/	"	7.0	7.2	6.7
Uruguay	"	28.0	(30.0)	---
Total 3 countries		205.5	111.9	140.1
		Exports		
Australia 9/	July 1 - Feb.28	615.7	613.8	604.3
New Zealand 9/	" "	139.3	172.2	156.8
Union of South Africa	" "	176.6	161.9	162.4
Argentina	Oct.1 - "	147.0	135.7	166.4
Uruguay	" "	68.2	65.2	79.9
Total 5 countries		1,146.8	1,148.8	1,169.8

Compiled from cabled reports from Agricultural Representatives abroad and reliable commercial sources. The statistics in this table have not been converted to a grease equivalent because details are not always available monthly. Figures in parentheses interpolated.

1/Wool of season designated only. 2/Offerings at selling centers.

3/Converted from data published in bales in Wool Intelligence Notes. Converted to pounds by using Dalgety and Company estimates of average weight per bale.

4/At Central Produce Market near Buenos Aires where between one-fourth and one-third of Argentine clip is marketed; adjusted to monthly basis for season beginning October 1 from weekly reports for season beginning July 1.

5/Includes 6,531,000 pounds destroyed by fire. 6/Carried over from preceding season

7/4-year average 1932-33 to 1934-35. 8/Sales at public auctions only.

9/Estimates of Dalgety and Company.

Table 4.- Exports of wool(grease and scoured combined) from Argentina and Uruguay to principal consuming countries, first 5 months new season, October 1-February 28, 1935-36 and 1936-37

Country of destination	Oct. 1 - Feb. 28					
	Argentina		Uruguay		Total	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United Kingdom	39.7	44.5	7.7	12.7	47.4	57.2
Germany	15.9	7.1	12.2	8.8	28.1	15.9
France	27.3	17.0	3.3	2.9	30.6	19.9
Italy	5.2	10.1	12.6	2.7	17.8	12.8
Belgium	10.0	10.7	3.8	5.7	13.8	16.4
Netherlands	0.8	0.6	2.6	0.9	3.4	1.5
Japan	0.4	16.7	1/	22.9	0.4	39.6
United States Canada	29.9	52.5	0.6	22.3	30.5	74.8
Total	129.2	159.2	42.8	78.9	172.0	238.1
Other countries	6.5	7.2	1.6	1.0	8.1	8.2
Grand total	135.7	166.4	44.4	79.9	180.1	246.3

Compiled from reports furnished by American Agricultural Attache' Paul O. Nyhus.
1/ Less than 500,000 pounds.

Table 5.- Exports of wool (grease and scoured combined) from Australia, Union of South Africa, and New Zealand to principal consuming countries, first 7 months new season, July 1 to January 31, 1935-36 and 1936-37

Country of destination	July 1 - Jan. 31							
	Australia		Union of South Africa		New Zealand		Total	
	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37	1935-36	1936-37
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.
United Kingdom	174.5	212.6	34.8	16.6	59.0	45.4	268.3	274.6
Option Continent	---	---	---	---	4.5	7.7	4.5	7.7
Germany	17.7	23.4	31.7	22.8	1/	1/	49.4	46.2
France	50.2	56.6	40.3	22.9	9.4	4.1	99.9	83.6
Italy	2.2	17.9	0.3	4.8	1/	1/	2.5	22.7
Belgium	69.9	92.1	12.4	10.7	3.2	1.2	85.5	104.0
Netherlands	12.3	8.1	1/	1/	1/	1/	12.3	8.1
Japan	143.7	11.7	3.5	44.6	2/ 4.8	2/20.5	152.0	76.8
United States	10.4	49.9	1.8	3.3	6.3	10.8	18.5	64.0
Canada	1.4	2.0	1/	1/	4.5	4.8	5.9	6.8
Total	482.3	474.3	124.8	125.7	91.7	94.5	698.8	694.5
Other countries	24.3	25.9	8.0	4.7	8.1	3.3	40.4	33.9
Grand total	506.6	500.2	132.8	130.4	99.8	97.8	739.2	728.4

Compiled as follows: Union of South Africa, Agricultural Attache' C. C. Taylor; Australia and New Zealand, "Wool Intelligence Notes".
1/ Not reported separately-if any,included with "other countries". 2/In addition 4,700,000 pounds were shipped to Australia in this period of 1935-36 and 1,900,000 pounds in 1936-37 - probably for transshipment to Japan.

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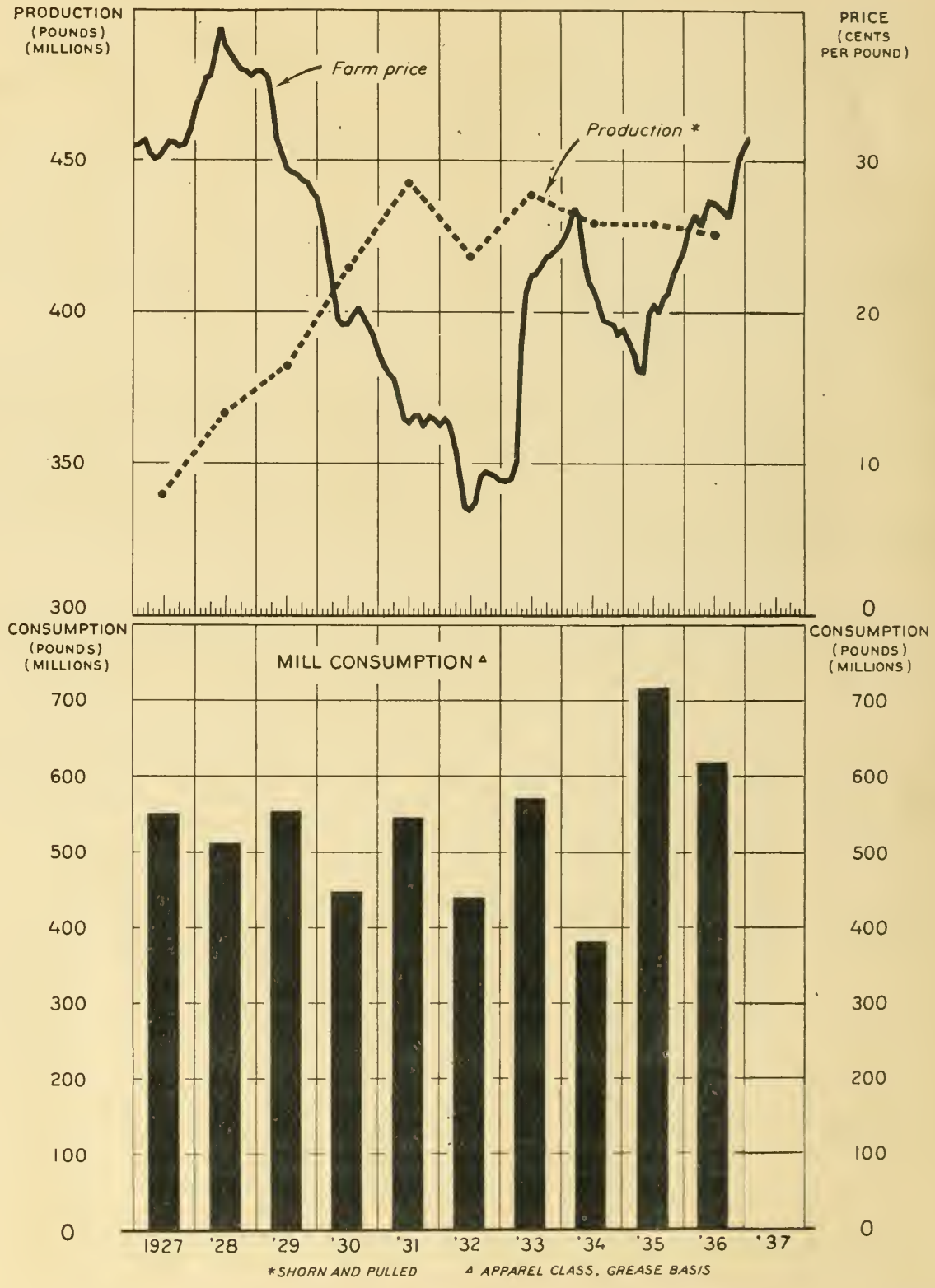
WOOL: FARM PRICE, PRODUCTION, AND MILL CONSUMPTION, UNITED STATES, 1927 TO DATE



*SHORN AND PULLED Δ APPAREL CLASS, GREASE BASIS

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